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FISCAL IMPACT STATEMENT

LS 7344

BILL NUMBER: HB 1238

NOTE PREPARED: Feb 14, 2011

BILL AMENDED: Feb 10, 2011

SUBJECT: Advocacy with public funds.

FIRST AUTHOR: Rep. Noe

FIRST SPONSOR: Sen. Charbonneau

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Restrictions:* This bill provides that a school corporation, its officials, and its employees are restricted in various ways from promoting a position on a public question subject to a referendum that would authorize an increase in the school corporation's property tax levy.

Superintendent: This bill provides that if an organized community group invites the superintendent of a school corporation or the superintendent's designee to speak at an event of the organized community group, the superintendent or the superintendent's designee may promote a position on a public question subject to a referendum during the speaking engagement. It provides that the superintendent or the superintendent's designee may be assisted in promoting a position on a public question at an event of an organized group by an employee of the school corporation, the treasurer of the school corporation, or a member of the governing body.

Referendum Tax Levy: The bill provides that if the voters of a school corporation approve a referendum tax levy, another referendum tax levy previously approved by the voters of the school corporation and in effect on the date of the most recently conducted referendum, if any, is rescinded effective the day before the new referendum tax levy goes into effect.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Restrictions--Controlled Project:* Current law prohibits local

taxing units from using public funds or employees to promote a position (positive or negative) on a controlled project; employees, though, are permitted to work on the project as part of their regular duties. Additionally, consultants, who may be involved in the design of the project and in overseeing the lease agreement, may not spend any money to influence voting for or against the project. If the project is in a school district, the corporation may not use students in any way to influence support for the project.

This bill permits employees of the taxing unit to disseminate factual information on the project in response to inquiries from the public. Within a school corporation it permits school employees to direct parents to the appropriate office to obtain pertinent information about the project if the subject was initiated by the parent during an official meeting between the parent and the school employee (as for example during a parent - teacher meeting to discuss the student's performance). However, employees would not be permitted to initiate a discussion about the project.

The law delineates the circumstances in which campaign contributions would be permitted. Under current law, an individual or organization that has a contract to use the corporation's facilities is not permitted to contribute campaign funds to influence the voting outcome. Under this bill, this restriction only applies to contractors providing goods or services to the corporation. If the contract in question is solely for the use of the corporation's facilities (e.g. for a dance or a meeting), the individual or organization can contribute to the campaign.

(Revised) *Restrictions–Referendum Tax Levy*: Current law does not address the conduct of public officials during a referendum tax levy as it does for a capital project. For example, a school corporation that is prohibited from sending a campaign flyer promoting a new renovation project to the homes of its students can, by default, do so for a tax levy.

Under this bill, however, the same restrictions that apply to a controlled project (including the provisions in this bill) would also apply to a school corporation during the referendum process for a tax levy.

Superintendent: The bill permits a school superintendent or the superintendent's designee, who has been invited to address a community group, to promote a position on a controlled project or a referendum tax levy. Additionally, it permits an employee of the school corporation, the corporation's treasurer, or a member of the governing body to assist the superintendent in providing information during the speaking engagement.

(Revised) *Referendum Tax Levy*: This bill permits a school corporation to have only one active tax levy at a time. If a referendum tax levy is currently in effect, and the taxpayers approve a new levy, the current levy would have to be rescinded the day before the new levy takes effect.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Taxing Units; School Corporations; School Superintendents.

Information Sources:

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